

## FHA Single Family Housing Policy Handbook

### GLOSSARY

#### **30-Day Account**

A 30-Day Account refers to a credit arrangement that requires the Borrower to pay off the outstanding balance on the account every month.

#### **30-Day Advance Prepayment Notice Period**

The 30-Day Advance Prepayment Notice Period refers to the time requirement for the Borrower to provide advance notice to the Mortgagee for prepayment of an FHA-insured Mortgage insured prior to August 2, 1985.

#### **90-Day Review**

The 90-Day Review is a Mortgagee's required evaluation, occurring before four monthly installments are due and unpaid, of a Defaulted Mortgage for appropriate Loss Mitigation Options.

#### **Acceptable Conveyance Condition**

An Acceptable Conveyance Condition refers to how at the time of conveyance to HUD, the Mortgagee must ensure that the Property meets all of the following conditions:

- The Property is undamaged by fire, flood, earthquake, hurricane, tornado, boiler explosion (if a condominium) or Mortgagee Neglect.
- The Property is secured and, if applicable, winterized.
- All insured damages including theft and vandalism, if any, are repaired per the scope of work indicated on the insurance documents.
- Interior and exterior debris is removed, with the Property's interior maintained in Broom-swept Condition, the lawn is maintained, and all vehicles and any other personal property are removed in accordance with state and local requirements.
- The Mortgagee has good and marketable title.

#### **Accessory Dwelling Unit (ADU)**

An Accessory Dwelling Unit (ADU) refers to a habitable living unit added to, created within, or detached from a primary one-unit Single Family dwelling, which together constitute a single interest in real estate. It is a separate additional living unit, including kitchen, sleeping, and bathroom facilities.

#### **Acquisition Cost**

The Acquisition Cost is the purchase price of the Property, including closing costs, prepaid costs, and commissions, if paid by the purchaser, but not including the cost of any repairs that the purchaser makes to the Property subsequent to acquisition.

#### **Active Duty**

Active Duty refers to a status where a person has a full-time military occupation.

**Adequate Vehicular Access**

Adequate Vehicular Access to Property refers to an all-weather road surface over which emergency and typical passenger vehicles can pass at all times.

**Adjustable Rate Mortgage**

An Adjustable Rate Mortgage (ARM) refers to a Mortgage in which the interest rate can change annually based on an index plus a margin.

**Adjusted As-Is Value (applicable to 203(k) only)**

For purchase transactions, the Adjusted As-Is Value refers to the lesser of:

- the purchase price less any inducements to purchase; or
- the As-Is Property Value.

For Refinance transactions, the Mortgagee must obtain an as-is appraisal to determine the Adjusted As-Is Value when the existing debt on the Property plus the cost of repairs exceeds the After Improved Value, or the Property was acquired within 12 months of the case number assignment date.

For Properties acquired greater than or equal to 12 months prior to the case number assignment date:

- When an appraisal is obtained, the Adjusted As-Is Value is the As-Is Property Value.
- When the existing debt on the Property plus the cost of repairs does not exceed the after-improved value, the Mortgagee has the option of using the existing debt plus fees associated with the new Mortgage or obtaining an as-is appraisal to determine the Adjusted As-Is Value.

For Properties acquired within 12 months of the case number assignment date, an as-is appraisal must be obtained. The Adjusted As-Is Value is the As-Is Property Value.

For Properties acquired by the Borrower within 12 months of the case number assignment date by inheritance or through a gift from a Family Member, the Mortgagee may utilize the calculation of Adjusted As-Is Value for Properties acquired greater than or equal to 12 months prior to the case number assignment date.

**Adjusted Value (not for 203(k) Mortgages)**

For purchase transactions, the Adjusted Value is the lesser of:

- purchase price less any inducements to purchase; or
- the Property Value.

For refinance transactions:

- For Properties acquired by the Borrower within 12 months of the case number assignment date, the Adjusted Value is the lesser of:
  - the Borrower's purchase price, plus any documented improvements made subsequent to the purchase; or
  - the Property Value.

- Properties acquired by the Borrower within 12 months of case number assignment by inheritance or through a gift from a Family Member may utilize the calculation of Adjusted Value for Properties purchased 12 months or greater.
- For Properties acquired by the Borrower greater than or equal to 12 months prior to the case number assignment date, the Adjusted Value is the Property Value.

### **Advertising Device**

An Advertising Device is a channel or instrument used to solicit, promote or advertise FHA products or programs. Advertising Devices are present in the entire range of electronic and print media utilized by Mortgagees, including, but not limited to, websites, website addresses, business names, aliases, DBA names, domain names, email addresses, direct mail advertisements, solicitations, promotional materials and correspondence.

### **Affiliate**

An Affiliate is a contractor, agent, vendor, subservicer, or Sponsored Third-Party Originator (TPO) who participates in FHA programs on behalf of an FHA-approved Mortgagee.

### **Affordable Housing Program Plan**

Affordable Housing Program Plan (AHPP) refers to a program plan, as described in a written proposal submitted to FHA, operated by a nonprofit in specific geographical areas in which the nonprofit provides affordable homeownership opportunities for low- to moderate-income buyers by purchasing, rehabilitating, and reselling HUD Homes to these buyers. The program can include other homeownership activities, such as counseling.

### **After Improved Value**

After Improved Value refers to the value as determined by the Appraiser based on a hypothetical condition that the repairs or alterations have been completed.

### **Alimony, Child Support, and Maintenance Income**

Alimony, Child Support, and Maintenance Income refers to income received from a former spouse or partner or from a non-custodial parent of the Borrower's minor dependent.

### **Annuity Income**

Annuity Income refers to a fixed sum of money periodically paid to the Borrower from a source other than employment.

### **Appraisal Conditions**

Appraisal Conditions refer to anything the Appraiser requires to occur or be known before the value of conclusion can be considered valid.

### **Appraiser**

Appraiser refers to an FHA Roster Appraiser who observes, analyzes, and reports the physical and economic characteristics of a Property and provides an opinion of value to FHA. An Appraiser's observation is limited to readily observable conditions and is not as comprehensive an inspection as one performed by a licensed home inspector.

**Appropriate HOC**

The Appropriate [HOC jurisdiction](#) is determined by the location of the Property securing the FHA Mortgage.

**Approved Mortgage**

An Approved Mortgage is a Mortgage underwritten and approved by a Direct Endorsement (DE) underwriter, or covered by a firm commitment issued by HUD.

**Arm's Length PFS Transaction**

An Arm's Length Pre-Foreclosure Sale (PFS) Transaction is between two unrelated parties that is characterized by a selling price and other conditions that would prevail in an open market environment and without hidden terms or special understandings existing between any of the parties (e.g., buyer, seller, Appraiser, sales agent, closing agent, and Mortgagee).

**Arm's Length Transaction**

An Arm's Length Transaction refers to a transaction between unrelated parties who are each acting in their own best interest.

**Articles of Organization**

Articles of Organization refers to articles of incorporation, charter, articles of association, constitution, trust instrument, or any other written instrument by which an organization is created.

**As-Is Property Value (applicable to 203(k) only)**

As-Is Property Value refers to the Adjusted As-Is Value as determined by the FHA Roster Appraiser except in the case of Property Flipping.

**Authoritative Copy**

The Authoritative Copy refers to the controlling reference copy. The Authoritative Copy of an electronically signed document refers to the electronic record that is designated by the Mortgagee or holder as the controlling reference copy.

**Authorized Third Party**

Authorized Third Parties are parties who are not Borrowers on the Mortgage but who are authorized to communicate with Mortgagees regarding a Mortgage.

**Automobile Allowance**

Automobile Allowance refers to the funds provided by the Borrower's employer for automobile related expenses.

**Base Loan Amount**

The Base Loan Amount is the mortgage amount prior to the addition of any financed Upfront Mortgage Insurance Premium (UFMIP). Unless otherwise stated in this *SF Handbook*, all references to maximum mortgage amount or mortgage amount shall refer to the Base Loan Amount.

**Basis Point**

A Basis Point (bps) is one one-hundredth of one percent.

**Boarder**

Boarder refers to an individual renting space inside the Borrower's Dwelling Unit.

**Borrower (applicable to Title II)**

Borrower refers to each and every Borrower on the mortgage application. The term Borrower does not include a Cosigner.

**Borrower (applicable to Title I)**

Borrower refers to one who applies for and receives a Loan insured under this part. The term may also include any co-maker or Cosigner or any assumptor who is obligated for the repayment of a loan obligation insured under this part.

**Borrower (applicable to Servicing)**

For the purposes of servicing the Mortgage, Borrower refers to the original Borrower who signs the Note and their heirs, executors, administrators, assigns, and approved Substitute Borrowers.

**Bracketing**

Bracketing refers to selecting comparable properties with features that are superior to and inferior to the subject features.

**Broom-swept Condition**

Broom-swept Condition is the condition of a Property that is, at a minimum, reasonably free of dust and dirt and free of hazardous materials or conditions, personal belongings, and interior and exterior debris.

**Business Formation Documents**

Business Formation Documents are an entity's articles of incorporation, bylaws, organization charter, operating agreement, partnership agreement, and similar documentation.

**Business Relationship**

Business Relationship refers to an association between individuals or companies entered into for commercial purposes.

**Cash for Keys**

Cash for Keys is a monetary consideration offered as an alternative to legal eviction to property occupants after foreclosure.

**Cash on Hand**

Cash on Hand refers to cash held by the Borrower outside of a financial institution.

**Cash Reserves**

Cash Reserves include all non-retirement liquid assets available for withdrawal or liquidation from all financial institutions. Such accounts include, but are not limited to, the following:

- brokerage, mutual funds, checking, savings, money market or certificate of deposits, other depository accounts, and stocks;
- other equity instruments such as marketable debt of federal, state, or local governments, Government-Sponsored Enterprises, corporations and other businesses; and
- other securities and commodities (including futures, traded on an exchange or marketplace generally available to the public) for which values can be readily verified using Schedules B (Interest & Dividends), D (Capital Gains & Losses) and E (Supplemental Income & Loss) of the Borrower's most recent federal tax return.

### **Certification Period**

The Certification Period is the one-year period, beginning on the first day of the Mortgagee's prior fiscal year and ending on the last calendar day thereof.

### **Change Date**

The Change Date is the effective date of an adjustment to the interest rate, as shown in Paragraph 4(a) of the model Adjustable Rate Note form.

### **Change Request**

A Change Request is the method of submitting information and/or business changes to FHA that requires FHA review and approval before acceptance. Any update or change that cannot be made by the Mortgagee directly is submitted as a Change Request.

### **Charge Off Account**

A Charge Off Account refers to a Borrower's loan or debt that has been written off by the creditor.

### **Chattel**

Chattel is tangible, movable Personal Property that is not Real Property.

### **Chattel Appraiser**

Chattel Appraiser is an appraiser who observes, analyzes, and reports the physical and economic characteristics of Chattel and provides an opinion of value to FHA.

### **Child Support**

See **Alimony, Child Support, and Maintenance Income**.

### **Claims without Conveyance of Title**

A Claim without Conveyance of Title (CWCOT) is a procedure under which the Mortgagee attempts to secure a third party purchaser for the mortgaged Property so that conveyance to HUD is not required in exchange for mortgage insurance benefits.

### **Closing Agent**

A Closing Agent is the Entity responsible for conducting the closing of a HUD REO property sales transaction, including submitting closing packages, and wiring sales proceeds to the U.S. Treasury.

**Closing Date**

The Closing Date is the settlement date on the Closing Disclosure or similar legal document. This is also known as the origination date.

**Closing Disclosure**

Closing Disclosure refers to a form containing the final statement of loan terms and closing costs that is required under the TILA-RESPA Integrated Disclosure Rule.

**Combination Loan**

Combination Loan refers to a Loan made for the purchase or refinancing in a single transaction of a Manufactured Home and a manufactured home lot, and may also include a garage, patio, carport, or other comparable appurtenance.

**Combined Loan-to-Value (CLTV)**

The CLTV is computed as the Base Loan Amount plus the outstanding principal balance of all subordinate Mortgage(s) divided by the Adjusted Value.

**Combined Rate**

Combined Rate refers to the interest rate on the Mortgage plus the Mortgage Insurance Premium rate.

**Commission Income**

Commission Income refers to income that is paid contingent upon the conducting of a business transaction or the performance of a service.

**Commissioner's Adjusted Fair Market Value**

The Commissioner's Adjusted Fair Market Value (CAFMV) is the estimate of the fair market value of the mortgaged Property, less adjustments, which may include without limitation, HUD's estimate of holding costs and resale costs that would be incurred if title to the mortgaged Property were conveyed to HUD.

**Community Water System**

A Community Water System refers to a central system that is owned, operated and maintained by a private corporation or a nonprofit property owners' association.

**Complete Loss Mitigation Request**

A Complete Loss Mitigation Request is a request for loss mitigation assistance that contains all information the Mortgagee requires from the Borrower in order to evaluate Loss Mitigation Options.

**Complete Nonprofit Application**

A Complete Nonprofit Application refers to an application that satisfies all general application requirements and all program specific application requirements for the programs in which the nonprofit seeks approval.

**Condominium Project**

A Condominium Project refers to a multi-unit Property in which persons hold title to individual units and an undivided interest in common elements. Common elements (areas) include underlying land and buildings, driveways, parking areas, elevators, outside hallways, recreation and landscaped areas, and other elements described in the condominium declaration. Common areas are typically managed by a condominium association.

**Conformed Copy**

A Conformed Copy is a copy that agrees with the original and all amendments to it.

**Contingency Reserve**

Contingency Reserve refers to funds that are set aside to cover unforeseen project costs.

**Continuous Income**

Continuous Income is income received by the Borrower that is reasonably likely to continue from the date of the Mortgagee's loss mitigation evaluation through at least the next 12 months.

**Contract Execution Date**

Contract Execution Date refers to the date the contract has been executed by all parties.

**Contract of Insurance**

Contract of Insurance is the term applied to a Title I Lender's authority to originate, underwrite, hold and service Title I Loans.

**Contributory Value**

Contributory Value refers to the change in the value of a Property as a whole, whether positive or negative, resulting from the addition or deletion of a property component.

**Corporate Officer**

A Corporate Officer of a Nonsupervised or Investing Mortgagee refers to a natural person who serves as one of the following positions for the Mortgagee: Owner, President, Vice President, Chief Operating Officer, Chief Financial Officer, Director, Corporate Secretary, Chief Executive Officer, General Counsel, Chairman of the Board, General Partner, or Member or Manager of an LLC.

A Corporate Officer of a Supervised or Government Mortgagee refers to a natural person who serves as one of the following positions for the Mortgagee: President, Vice President in charge of managing or overseeing any aspect of the Mortgagee's FHA business, Chief Operating Officer, Chief Financial Officer, Director, Corporate Secretary, Chief Executive Officer, General Counsel, Chairman of the Board, General Partner, or specifically designated staff member(s) of a Government Mortgagee.

**Cosigner**

Cosigner refers to a third party to a debt that provides a guarantee that a debt will be repaid.



### **Cost Estimate**

Cost Estimate refers to a breakdown of the cost for each proposed Work Item, prepared by a 203(k) Consultant.

### **Credit-qualifying Loans**

Credit-qualifying Loans refer to any loan(s) (e.g., mortgage loan, consumer credit card, automobile, etc.) where one or more of the borrowers have obtained and qualified for credit.

### **Current Index Figure**

The Current Index Figure is:

- the most recent index figure available 30 Days before the date of each interest rate adjustment, for Mortgages closed before January 10, 2015, and
- the most recent figure available 45 days before the date of each interest rate adjustment, for Mortgages closed on or after January 10, 2015.

### **Data Plate**

Data Plate refers to a paper document located on the interior of the Property that contains specific information about the unit and its manufacturer.

### **Days**

Days refer to calendar Days.

### **Dealer**

A Dealer refers to, in the case of Property Improvement Loans, a seller, contractor, or supplier of goods or services. In the case of Manufactured Home Loans, a Dealer refers to one who engages in the business of manufactured home retail sales.

### **Dealer Loan**

A Dealer Loan refers to a Loan where a Dealer assists the Borrower in preparing the credit application or otherwise assists the Borrower in obtaining the Loan from the Lender. This may include completing the loan application for the Borrower, and collecting any other documentation or information as required by the Lender that is necessary to support the lending decision.

### **Decision Credit Score**

Decision Credit Score refers to the credit score selected from the credit repositories (i.e., Equifax, Trans Union, and Experian) for use when underwriting the loan. A “decision credit score” is determined for each applicant according to the following rule: when three scores are available (one from each repository), the median (middle) value is used; when only two are available, the lesser of the two is chosen; when only one is available that score is used.

### **Declining Market**

A Declining Market refers to any neighborhood, market area or region that demonstrates a decline in prices or deterioration in other market conditions as evidenced by an oversupply of existing inventory or extended marketing times.

**Deed-in-Lieu of Foreclosure**

A Deed-In-Lieu (DIL) of Foreclosure is a Loss Mitigation Home Disposition Option in which a Borrower voluntarily offers the deed as collateral Property to HUD in exchange for a release from all obligations under the Mortgage.

**Deed Restriction**

A Deed Restriction refers to a private agreement that restricts the use of real estate in some way, and is listed in the deed.

**Default**

A Mortgage is in Default when the Borrower fails to make any payment or to perform any other obligation under the Mortgage for a period of 30 Days.

**Deficit Income Test**

The Deficit Income Test (DIT) is a financial analysis test used for Standard PFS transactions to determine if a Borrower can sustain their Mortgage.

**Delinquent**

A mortgage account is Delinquent any time a payment is due and not paid.

**Direct Loan**

The Direct Loan process occurs when the Borrower applies directly to the Lender for the Property Improvement Loan without assistance from a Dealer, contractor, or third party that has a financial interest in the loan transaction.

**Disbursement**

Disbursement refers to the release of mortgage proceeds to the Borrower.

**Disbursement Date**

The Disbursement Date refers to the date the proceeds of the Mortgage/Loan are made available to the Borrower.

**Disbursement Date (applicable to Claims)**

The Disbursement Date, as applicable to claims, is the date the Mortgagee paid for an expense.

**Discount Points**

Discount Points refers to a fee charged by the Lender, separate from interest but part of the total finance charges on the Loan, that is part of the Lender's total yield on the Loan needed to maintain a competitive position with other types of investments. One Discount Point equals 1 percent of the principal amount of the Loan. As Discount Points on the Loan increase, the interest rate can be expected to decrease in a fairly consistent relationship.

**Disputed Derogatory Credit Account**

Disputed Derogatory Credit Account refers to disputed charge off accounts, disputed collection accounts, and disputed accounts with late payments in the last 24 months.

**Distributive Share**

A Distributive Share is a share of any excess earnings from the Mutual Mortgage Insurance Fund that may be distributed to a Borrower after mortgage insurance termination.

**Dwelling Unit**

Dwelling Unit refers to a single unit of residence for a household of one or more persons.

**Early Payment Defaults**

Early Payment Defaults refer to all Mortgages that become 60 Days Delinquent within the first six payments.

**Early Start Letter**

Early Start Letter refers to the document issued by the Mortgagee in response to a builder's request to start construction before the appraisal is completed.

**Easement**

An Easement refers to an interest in land owned by another person, consisting of the right to use or control the land, or an area above or below it, for a specific limited purpose.

**Economic Event**

Economic Event refers to any occurrence beyond the Borrower's control that results in loss of employment, loss of income, or a combination of both, which causes a reduction in the Borrower's household income of 20 percent or more for a period of at least six months.

**Effective Income**

Effective Income refers to income that may be used to qualify a Borrower for a Mortgage.

**Electronic Appraisal Delivery**

The Electronic Appraisal Delivery (EAD) portal is a web-based platform where Mortgagees or their designated third-party service providers electronically deliver FHA appraisal reports prior to endorsement.

**Eligible Contractor**

Eligible Contractor refers to a contractor that meets all state and local licensing requirements and, if applicable, federal certification requirements.

**Employer Assistance**

Employer Assistance refers to benefits provided by an employer to relocate the Borrower or assist in the Borrower's housing purchase, including closing costs, Mortgage or Loan Insurance Premiums, or any portion of the Minimum Required Investment or Minimum Cash Investment.

**Employer Housing Subsidy**

Employer Housing Subsidy refers to employer-provided mortgage assistance.

**Employment Authorization Document**

Employment Authorization Document refers to the form provided by the U.S. Citizenship and Immigration Services (USCIS) that proves an individual is allowed to work in the United States for a specific period of time.

**Employment Income**

Employment Income refers to income received as an employee of a business that is reported on IRS Form W-2.

**Encroachment**

An Encroachment refers to an interference with or intrusion onto another's property.

**Entity**

Entity refers to a business Entity such as a corporation, trust, partnership, or sole proprietorship.

**Equivalent System**

A system equivalent to the Credit Alert Verification Reporting System (CAIVRS) provided by HUD that Mortgagees may use to obtain information on delinquent Federal Debts from public records, credit reports or other sources.

**Excess Land**

Excess Land refers to land that is not needed to serve or support the existing improvement. The highest and best use of the Excess Land may or may not be the same as the highest and best use of the improved parcel. Excess Land may have the potential to be sold separately.

**Excluded Parties**

Excluded Parties refer to business parties that have been suspended and/or debarred from further participation in HUD and other federal government programs due to unethical business practice.

**Executed SFB-Unemployment Agreement**

The SFB-Unemployment Agreement is considered "executed" when:

- at least one of the Borrowers has signed and dated the Agreement;
- the Agreement has been returned to the Mortgagee; and
- the authorized Mortgagee representative has signed and dated the Agreement as well.

**Existing Construction**

Existing Construction refers to a Property that has been 100 percent complete for over one year or has been completed for less than one year and was previously occupied.

**Existing Construction for Manufactured Housing (as applies to Title II)**

Existing Construction for Manufactured Housing refers to a Manufactured Home that has been permanently installed on a site for one year or more prior to the case number assignment date.

### **Existing Less than One Year**

Existing Less than One Year refers to a Property that is 100 percent complete and has been completed less than one year from the date of the issuance of the Certificate of Occupancy (CO) or equivalent. The Property must have never been occupied.

### **Existing Manufactured Home (as applies to Title I)**

Existing Manufactured Home refers to a home purchased later than 18 months after the date of manufacture; it must be appraised to determine the maximum loan amount.

### **Existing Structure (as applies to Title I Loans)**

Existing Structure refers to a dwelling, including a Manufactured Home, which was completed and occupied at least 90 days prior to an application for a Title I Loan, or a nonresidential Structure that was a completed building with a distinctive functional use prior to an application for a Title I Loan. However, these occupancy and completion requirements shall not apply to:

- Loans having a principal obligation of \$1,000 or less; or
- residential Structures which have been damaged by conditions determined by the President to warrant relief under the provisions of title 42, chapter 68, of the United States Code.

### **Expected Income**

Expected Income refers to income from cost-of-living adjustments, performance raises, a new job, or retirement that has not been, but will be received within 60 Days of mortgage closing.

### **Externalities**

Externalities refer to off-site conditions that affect a Property's value. Externalities include heavy traffic, airport noise and hazards, special airport hazards, proximity to high pressure gas lines, Overhead Electric Power Transmission Lines and Local Distribution Lines, smoke, fumes, and other offensive or noxious odors, and stationary storage tanks.

### **Family Member**

Family Member is defined as follows, regardless of actual or perceived sexual orientation, gender identity, or legal marital status:

- child, parent, or grandparent;
  - a child is defined as a son, stepson, daughter, or stepdaughter;
  - a parent or grandparent includes a step-parent/grandparent or foster parent/grandparent;
- spouse or domestic partner;
- legally adopted son or daughter, including a child who is placed with the Borrower by an authorized agency for legal adoption;
- foster child;
- brother, stepbrother;
- sister, stepsister;
- uncle;
- aunt; or
- son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or sister-in-law of the Borrower.

**Family-Owned Business Income**

Family-Owned Business Income refers to Employment Income earned from a business owned by the Borrower's family, but in which the Borrower is not an owner.

**Federal Banking Agencies**

The Federal Banking Agencies are the Federal Reserve System (FRS), Federal Deposit Insurance Corporation (FDIC), and the Credit Union Administration (NCUA).

**Federal Debt**

Federal Debt refers to debt owed to the federal government for which regular payments are being made.

**Federal Tax Debt**

Federal Tax Debt refers to tax debt owed to the federal government for which regular payments are required.

**Fee Simple**

Fee Simple refers to an absolute ownership unencumbered by any other interest or estate.

**FHA-HAMP**

The FHA-HAMP Option is a Loss Mitigation Option using a Loan Modification and/or Partial Claim to allow the Mortgage to be reinstated, by establishing an affordable monthly payment and providing for principal deferment as needed.

**Final Reconciliation**

Final Reconciliation refers to the process by which an Appraiser evaluates and selects from among alternative conclusions to reach a final value estimate, and reports the results of the analysis.

**Finding**

A Finding refers to a final determination of defect by the lender (for Title I), Mortgagee (for Title II), or other participants, as applicable.

**Fire Safety Equipment Loan**

Fire Safety Equipment Loan refers to a Loan made to finance the purchase and installation of any device or construction feature that is recognized in the latest edition of HUD's Minimum Property Standards for Care Type Housing (HUD Handbook 4920.1) or the Fire Safety Code of the National Fire Protection Association, and is designed to reduce the risk of death, personal injury, or property damage resulting from a fire in a Health Care Facility.

**Forbearance Plans**

Forbearance Plans are arrangements between a Mortgagee and Borrower that may allow for a period of reduced or suspended payments and may provide specific terms for repayment.

### **Formal Forbearance Plans**

Formal Forbearance Plans are written agreements executed by one or more of the Borrowers, allowing for reduced or suspended payments for a period greater than three months, but not more than six months, unless otherwise authorized by HUD, and such plans may include specific terms for repayment.

### **Funding Date**

The Funding Date is the date the proceeds of the Mortgage are made available to the borrower.

### **Furniture**

Furniture refers to movable articles of Personal Property relating to a home or dwelling, such as beds, chairs, sofas, lamps, tables, rugs, etc.; however, Furniture does not include:

- items built into the home or dwelling such as wall-to-wall carpeting or heating or cooling equipment; or
- large appliances such as refrigerators, ovens, ranges, dishwashers, clothes washers or clothes dryers.

### **Gifts**

Gifts refer to contributions of cash with no expectation of repayment.

### **Government Mortgagee**

A Government Mortgagee is a federal, state, or municipal governmental agency, a Federal Reserve Bank, a Federal Home Loan Bank, the Federal Home Loan Mortgage Corporation (FHLMC, or Freddie Mac), or the Federal National Mortgage Association (FNMA, or Fannie Mae).

### **Governmental Entity**

A Governmental Entity refers to any federal, state, or local government agency or instrumentality. To be considered an instrumentality of the government, the Entity must be established by a governmental body or with governmental approval or under special law to serve a particular public purpose or designated by law (statute or court opinion). HUD deems Section 115 Entities to be instrumentalities of government for the purpose of providing secondary financing.

### **Grass Cuts**

Grass Cuts are the Property P&P actions of mowing, weeding, edge trimming, sweeping of all paved areas, and removing all lawn clippings, related cuttings, and debris.

### **Gross Living Area**

Gross Living Area (GLA) refers to the total area of finished, above-grade residential space calculated by measuring the outside perimeter of the Structure. It includes only finished, habitable, above-grade living space.

### **Grossing Up**

Grossing Up refers to the process of adjusting tax-exempt income upward by the effective tax rate to compute an equivalent taxable income amount.

### **Ground Rent**

Ground Rent refers to the rent paid for the right to use and occupy the land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term.

### **Health Care Facility**

A Health Care Facility refers to a proprietary facility or a facility of a private nonprofit corporation or association licensed or regulated by the state or by the municipality or other political subdivision in which the facility is located, and operated as one or more of the following:

- a nursing home for the accommodation of convalescents or other persons who are not acutely ill and not in need of hospital care, but who require skilled nursing care and related medical services performed under the general direction of persons licensed by the law of the state where the facility is located to provide such care or services;
- an intermediate Health Care Facility for the accommodation of persons who, because of incapacitating infirmities, require minimum but continuous care, but not continuous medical care or nursing services;
- an extended Health Care Facility for inpatient care for convalescents or chronic disease patients who require skilled nursing care and related medical services; or
- another comparable Health Care Facility.

### **Historic Preservation Loan**

Historic Preservation Loan refers to a Loan to finance the preservation (Restoration or Rehabilitation) of an historic residential Structure that is listed on the National Register of Historic Places or that is certified by the Secretary of the Interior as conforming to National Register criteria.

### **Home Disposition Option**

Home Disposition Options are the Loss Mitigation Options of Pre-Foreclosure Sales (PFS) and Deed-in-Lieu (DIL).

### **Home Retention Option**

Home Retention Options are the Loss Mitigation Options of Informal and Formal Forbearances, SFB-Unemployment, Loan Modification, and FHA-HAMP.

### **Homeowners' Association/Condominium Assessment**

A Homeowners' Association (HOA)/Condominium Assessment is a periodic payment required of property owners by an HOA or condominium association.

### **Homeowners' Association /Condominium Fees**

Homeowners' Association (HOA)/Condominium Fees are HOA/Condominium Assessments plus interest, Late Charges, collection/attorney fees, and other penalties.



**Homeownership and Opportunity for People Everywhere (HOPE) Grantee**

Homeownership and Opportunity for People Everywhere (HOPE) Grantee refers to an Entity designated in the homeownership plan submitted by an applicant for an implementation grant under the HOPE program.

**Housing Development Experience**

Housing Development Experience is defined as acquisition, rehabilitation, and sale to low-to-moderate income persons.

**Housing Obligation/Mortgage Payment/Loan Payment**

A Housing Obligation/Mortgage Payment/Loan Payment refers to the monthly payment due for rental or Properties owned. For the purposes of servicing the Mortgage, Mortgage Payment refers to the total monthly payment on the FHA-insured Mortgage.

**HUD-approved Nonprofit**

A HUD-approved Nonprofit is a nonprofit agency approved by HUD to act as a mortgagor using FHA mortgage insurance, purchase the Department's Real Estate Owned (REO) Properties (HUD Homes) at a discount, and provide secondary financing.

**HUD Certification Label**

HUD Certification Label, also known as a HUD seal or HUD tag, refers to a two inch by four inch aluminum plate permanently attached to Manufactured Housing.

**HUD Real Estate Owned Property**

A HUD Real Estate Owned (REO) Property, also known as a HUD Home or a HUD-owned home, refers to a one- to four-unit residential Property acquired by HUD as a result of a foreclosure on an FHA-insured Mortgage or other means of acquisition, whereby the Secretary of HUD becomes the property owner and offers it for sale to recover the mortgage insurance claim that HUD paid to the Mortgagee.

**Identity of Interest**

Identity of Interest refers to a transaction between family members, business partners or other business affiliates.

**Imminent Default**

A Borrower facing Imminent Default is defined as a Borrower who is current or less than 30 Days past due on their Mortgage Payment and is experiencing a significant, documented reduction in income or some other hardship that will prevent them from making the next required Mortgage Payment during the month that it is due.

**Indian Land**

Indian Land refers to those lands that are held by or for the benefit of Indian Tribes under some restriction or with some attribute peculiar to the legal status of its owners.

**Indian Tribe**

Indian Tribe refers to any Indian or Alaskan native tribe, band, nation, or other organized group or community of Indians or Alaskan natives recognized as eligible for the services provided to Indians or Alaskan natives by the Secretary of Interior because of its status as such an Entity, or that was an eligible recipient under Chapter 67 of title 31, United States Code, prior to the repeal of this section.

**Individual Property Files**

Individual Property Files refer to files that Governmental Entities and HUD-approved Nonprofits participating in the HUD Homes program must maintain for each Property purchased, sold, or leased when a discount of 10 percent or greater is obtained at the time of purchase.

**Individual Retirement Account (IRA)/401(k) Income**

An Individual Retirement Account (IRA)/401(k) Income refers to income received from an IRA.

**Individual Water Supply System**

An Individual Water Supply System refers to a potable water source providing water to an individual Property.

**Informal Forbearance Plans**

Informal Forbearance Plans are oral agreements allowing for reduced or suspended payments for a period of three months or less and may provide specific terms for repayment.

**Initial Index Figure**

The Initial Index Figure is the most recent figure available before the Closing Date of Mortgage.

**Initial Payment**

Initial Payment refers to the amount of money that a Borrower must pay for non-financeable fees and charges and to fund any portion of the improvement work not covered by the loan amount.

**Initial Vacant Property Inspection**

An Initial Vacant Property Inspection is the first inspection performed by the Mortgagee to ascertain the condition of a vacant or abandoned Property.

**Installment Due Date**

The Installment Due Date is the first Day of the month, as provided for in the security instrument.

**Installment Loans**

Installment Loans refer to loans, not secured by real estate, that require the periodic payment of principal and interest. A loan secured by an interest in a timeshare must be considered an Installment Loan.

**Instrumentality of Government**

An Instrumentality of Government refers to an Entity that was established by a governmental body or with governmental approval or under special law to serve a particular public purpose or designated by law (statute or court opinion) and does not have 501(c)(3) status.

**Insured HUD REO Property Purchase**

An Insured HUD REO Property Purchase refers to the purchase of a HUD REO Property by a Borrower with a new FHA-insured Mortgage.

**Interested Parties**

Interested Parties refer to sellers, real estate agents, builders, developers or other parties with an interest in the transaction.

**Interested Party Contribution**

Interested Party Contribution refers to a payment by an Interested Party, or combination of parties, toward the Borrower's origination fees, other closing costs and discount points.

**Investing Mortgagee**

An Investing Mortgagee is an organization that invests funds under its own control.

**Investment Income**

Investment Income refers to interest and dividend income received from assets such as certificates of deposits, mutual funds, stocks, bonds, money markets, and savings and checking accounts.

**Investment Property**

Investment Property refers to a Property that is not occupied by the Borrower as a Principal or Secondary Residence.

**Investor**

Investor refers to a Borrower(s) who will not occupy the home as a Principal or HUD-approved Secondary Residence (non-owner occupant).

**Investor Buyer**

An Investor Buyer is a buyer who will not occupy the HUD REO Property as their Principal Residence.

**Judgment**

Judgment refers to any debt or monetary liability of the Borrower, and the Borrower's spouse in a community property state unless excluded by state law, created by a court, or other adjudicating body.

**Jurisdictional HOC**

Jurisdictional HOC refers to the Homeownership Center (HOC) whose jurisdiction includes the state in which the Property is located.

**Land Subsidence**

Land Subsidence refers to the lowering of the land-surface elevation from changes that take place underground, including damage caused by sinkholes.

**Land Use Restriction Addendum**

The Land Use Restriction Addendum (LURA) is a legally binding contractual agreement between HUD and the Governmental Entities or nonprofits imposing restrictions on the resale of a HUD Home that the nonprofit organization or Governmental Entity purchased at a discount of 10 percent or greater.

**Large Supervised Mortgagee**

A Large Supervised Mortgagee is a Supervised Mortgagee that has consolidated assets greater than or equal to the threshold for audited financial reporting established by the Federal Banking Agency with oversight of the Mortgagee. Thresholds are codified at [12 CFR §§ 363.1\(a\), 562.4\(b\)\(2\), and 715.4\(c\)](#), and are subject to change.

**Last Action Taken**

Last Action Taken refers to one of the following steps in the application to endorsement process that is used to refer to the step in the process that was the last completed: (1) case number assigned; (2) appraisal information entered; (3) firm commitment issued by FHA; (4) insurance application received and subsequent updates; and (5) Notice of Return (NOR) and resubmissions. Last Action Taken does not include updates to Borrowers' names and/or property addresses, an appraisal update, or a transmission of the Upfront Mortgage Insurance Premium (UFMIP) to FHA.

**Late Charges**

Late Charges are charges assessed if a Mortgage Payment is received more than 15 Days after the due date.

**Leased Fee**

Leased Fee refers to an ownership interest held by a landlord with the right of use and occupancy conveyed by lease to others.

**Leasehold**

Leasehold refers to the right to hold or use Property for a fixed period of time at a given price, without transfer of ownership, on the basis of a lease contract.

**Leasehold Estate**

Leasehold Estate refers to the right to use and occupy real estate for a stated term and under certain conditions that have been conveyed by a lease.

**Leasehold Interests**

Leasehold Interests refer to real estate where the residential improvements are located on land that is subject to long-term lease from the underlying fee owner, creating a divided estate in the Property.

**Lender (applicable to Title I)**  
**See Title I Lender.**

**Lender Electronic Assessment Portal (LEAP)**

The Lender Electronic Assessment Portal (LEAP) is an FHA system created to facilitate automated lender approval application.

**Lender Insurance (LI) Compare Ratio**

The LI Compare Ratio is the percentage of Mortgages underwritten by the Mortgagee that are in claim or Default status compared with the percentage of Mortgages in claim or Default status for all Mortgagees operating in the same state(s) over the preceding two-year period.

**Lien Waiver**

A Lien Waiver is a document that releases a consumer (homeowner) from any further obligation for payment of a debt once it has been paid in full. Lien Waivers typically are used by homeowners who hire a contractor to provide work and materials to prevent any subcontractors or suppliers of materials from filing a lien against the homeowner for nonpayment.

**Loan (applicable to Title I)**

A Loan refers to a Disbursement of proceeds (funds) or an advance of credit to or for the benefit of a Borrower who promises to repay the principal amount of such Disbursement or advance, plus interest, if any, at a stated annual rate over time, with the Borrower's obligation evidenced by the Borrower's execution of a Note.

A Loan also refers to a purchase by a Lender of a Note evidencing such obligation, or a refinancing of an existing obligation with or without an additional Disbursement of proceeds or advance of credit.

**Loan Administration**

Loan Administration refers to all aspects of the FHA Mortgage lifecycle, including origination, underwriting, closing, endorsement, and servicing of FHA-insured Mortgages that are governed by FHA policies and procedures.

**Loan Modification**

A Loan Modification is a permanent change in one or more terms of a Borrower's Mortgage.

**Loan Sample Risk Assessment**

A Loan Sample Risk Assessment is a method of evaluating loans selected for QC on the basis of the severity of the violations found during QC reviews.

**Loan-to-Value (LTV)**

The LTV is computed as the Base Loan Amount divided by the Adjusted Value.

**Local Distribution Lines**

Local Distribution Lines refer to electric lines that commonly supply power to residential housing developments, similar facilities and individual Properties.

### **Loss Mitigation Option**

A Loss Mitigation Option is one of the following strategies under FHA's Loss Mitigation Program requirements intended to minimize economic impact to the Mutual Mortgage Insurance Fund (MMIF) and to avoid foreclosure, if possible:

- Informal and Formal Forbearances
- Special Forbearances-Unemployment
- Loan Modifications
- FHA - Home Affordable Modification Program (FHA-HAMP) Loan Modifications, Partial Claims, and Combination Loan Modification/Partial Claims
- Pre-Foreclosure Sales (PFS),
- Deeds-in-Lieu (DIL) of Foreclosure

### **Low- to Moderate-Income**

Low- to Moderate-Income individuals or families refer to individuals or families whose household income does not exceed 115 percent of the median income for the area when adjusted for family size.

### **Maintenance Income**

See **Alimony, Child Support, and Maintenance Income**.

### **Manufactured Home (as applies to Title II)**

A Manufactured Home refers to a single dwelling unit of Manufactured Housing.

### **Manufactured Home (as applies to Title I)**

A Manufactured Home refers to a transportable Structure, comprised of one or more modules, each built on a permanent chassis, with or without a permanent foundation, designed for occupancy as a Principal Residence by a single family.

### **Manufactured Home Improvement Loan (as applies to Chattel/Personal Property)**

A Manufactured Home Improvement Loan refers to a Loan made to finance the alteration, repair or improvement of an Existing Manufactured Home which is classified as Personal Property by the State or locality in which the Property is located. The proceeds of a Manufactured Home Improvement Loan may also be used for improvements to the home site, as long as the Borrower is the Owner of the home and the underlying real estate.

### **Manufactured Home Improvement Loan (as applies to Real Estate for Title I)**

A Manufactured Home Improvement Loan refers to a Loan made to finance the alteration, repair or improvement of an Existing Manufactured Home which is classified as Real Property in that the home is placed on a permanent foundation, the home and lot are classified as realty by the state or locality in which the Property is located, and any Loans on the Property are secured by Loans or deeds of trust covering the home and lot. The proceeds of a Manufactured Home Improvement Loan may also be used for improvements to the home site, as long as the Borrower is the Owner of the home and the underlying real estate.

**Manufactured Home Loan (as applies to Title I)**

Manufactured Home Loan refers to a Loan for the purchase or refinancing of a Manufactured Home and/or the lot on which to place such home. Unless otherwise indicated, the term includes Manufactured Home Purchase Loans, Manufactured Home Lot Loans, and Combination Loans.

**Manufactured Home Lot Loan (as applies to Title I)**

Manufactured Home Lot Loan refers to a Loan for the purchase or refinancing of a portion of land acceptable to HUD as a manufactured home lot. A manufactured home lot may consist of platted or unplatted land, a lot in a recorded or unrecorded subdivision or in an improved area of such subdivision, or a lot in a Planned Unit Development (PUD). A manufactured home lot may also consist of an interest in a manufactured home Condominium Project (including any interest in the common areas) or a share in a cooperative association which owns and operates a manufactured home park.

**Manufactured Home Purchase Loan (as applies to Title I)**

Manufactured Home Purchase Loan refers to a Loan for the purchase or refinancing of a manufactured home exclusive of any lot or site, and may also include a garage, patio, carport, or other comparable appurtenance.

**Manufactured Housing (as applies to Title II)**

Manufactured Housing refers to Structures that are transportable in one or more sections. They are designed to be used as a dwelling when connected to the required utilities, which include the plumbing, heating, air-conditioning and electrical systems contained therein. Manufactured Housing is designed and constructed to the federal Manufactured Home Construction and Safety Standards (MHCSS) as evidenced by an affixed HUD Certification Label. Manufactured Housing may also be referred to as mobile housing, sectionals, multi-sectionals, double-wide, triple-wide or single-wide.

**Manufacturer's Invoice (as applies to Title I)**

Manufacturer's Invoice refers to a document issued by a manufacturer and provided with a Manufactured Home to a retail dealer that separately details the wholesale (base) prices at the factory for specific models or series of Manufactured Homes and itemized options (large appliances, built-in items and equipment), plus actual itemized charges for freight from the factory to the Dealer's lot or the home site (including any rental of wheels and axles) and for any sales taxes to be paid by the Dealer. The invoice may recite such prices and charges on an itemized basis or by stating an aggregate price or charge, as appropriate, for each category. The manufacturer shall certify on the invoice, or on a supplement which is attached to and made a part of the invoice, as follows:

The undersigned certifies under applicable criminal and civil penalties for fraud and misrepresentation that: (1) The wholesale (base) prices for the manufactured home and itemized options, the charges for freight and dealer-paid sales taxes, and all other statements in this invoice are true and accurate; (2) all such prices reflect the actual dealer costs at the factory, as quoted in the applicable current manufacturer's wholesale (base) price list; (3) except for any payments of volume incentives or special benefits related to this transaction, all such prices and charges exclude any costs of trade association fees or charges, discounts, bonuses, refunds, rebates, prizes, loan discount points or other financing charges, or anything else of more than

nominal value which will inure to the benefit of the dealer and/or home purchaser at any date; and (4) the manufacturer has not made and will not make any payments to or for the benefit of the dealer and/or home purchaser that are not disclosed on this invoice or invoice supplement.

### **Market Condition Adjustments**

Market Condition Adjustments refer to adjustments made to reflect value changes in the market between the date of the contract for the comparable sale and the effective date of the appraisal.

### **Market Rate**

Market Rate is a rate that is no more than 25 bps greater than the most recent Freddie Mac Weekly Primary Mortgage Market Survey (PMMS) Rate for 30 year fixed-rate conforming Mortgages (U.S. average), rounded to the nearest one-eighth of 1 percent (0.125 percent), as of the date a Trial Payment Plan (TPP) is offered to a Borrower.

### **Market Value**

Market Value refers to the most probable price which a Property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby: (1) buyer and seller are typically motivated; (2) both parties are well informed or well advised, and each acting in what he or she considers his or her own best interest; (3) a reasonable time is allowed for exposure in the open market; (4) payment is made in terms of cash in U. S. dollars or in terms of financial arrangements comparable thereto; and (5) the price represents the normal consideration for the Property sold unaffected by special or creative financing or Sales Concessions granted by anyone associated with the sale.

Adjustments to the comparables must be made for special or creative financing or Sales Concessions. No adjustments are necessary for those costs which are normally paid by sellers as a result of tradition or law in a market area; these costs are readily identifiable since the seller pays these costs in virtually all sales transactions. Special or creative financing adjustments can be made to the comparable property by comparisons to financing terms offered by a third-party institutional lender that is not already involved in the Property or transaction. Any adjustment should not be calculated on a mechanical dollar for dollar cost of the financing or concession but the dollar amount of any adjustment should approximate the market's reaction to the financing or concessions based on the appraiser's judgment.

### **Material Finding**

In the context of Mortgage origination and underwriting, a Finding is Material if disclosure of the Finding would have altered the Mortgagee's decision to approve the Mortgage or to endorse or seek endorsement from FHA for insurance of the Mortgage. In the context of mortgage servicing, a Finding is Material if it has an adverse impact on the Property and/or FHA.

### **Maximum Property Preservation Allowance**

The Maximum Property Preservation Allowance is a pre-approved reimbursement for the aggregate of all property preservation expenses that do not exceed the line item allowable amounts listed in HUD's Property Preservation Allowances schedule.



### **Military Income**

Military Income refers to income received by military personnel during their period of active, Reserve, or National Guard service, including:

- base pay
- Basic Allowance for Housing
- clothing allowances
- flight or hazard pay
- Basic Allowance for Subsistence
- proficiency pay

### **Minimum Cash Investment**

Minimum Cash Investment (MCI) refers to the Borrower's contribution in cash or its equivalent required, which represents at least 5 percent of the total purchase price for a maximum LTV of 95 percent. The MCI for a Borrower with a credit score of 500 and below will be 10 percent of the total purchase price.

### **Minimum Decision Credit Score (MDCS)**

Minimum Decision Credit Score (MDCS) refers to the credit score reported on the Borrower's credit report when all reported scores are the same. Where three differing scores are reported, the middle score is the MDCS. Where two differing scores are reported, the MDCS is the lowest score. Where only one score is reported, that score is the MDCS.

### **Minimum Property Requirements**

Minimum Property Requirements (MPR) refer to general requirements that all homes insured by FHA be safe, sound, and secure.

### **Minimum Property Standards**

Minimum Property Standards (MPS) refer to regulatory requirements relating to the safety, soundness and security of New Construction.

### **Minimum Required Investment (MRI)**

Minimum Required Investment (MRI) refers to the Borrower's contribution in cash or its equivalent required by Section 203(b)(9) of the National Housing Act (NHA), which represents at least 3.5 percent of the Adjusted Value of the Property.

### **Mitigated Finding**

A Finding has been Mitigated if the Mortgagee has adequately addressed the deficiencies underlying the Finding, and such deficiencies have been remedied so that the Mortgagee's decision to approve the Mortgage or to endorse or seek endorsement from FHA for insurance of the Mortgage is acceptable to FHA.

### **Mixed Use**

Mixed Use refers to a Property suitable for a combination of uses including any of the following: commercial, residential, retail, office or parking space.

**Modular Housing**

Modular Housing refers to Structures constructed according to state and local codes off-site in a factory, transported to a building lot, and assembled by a contractor into a finished house.

**Mortgage**

Mortgage refers to any form of security instrument that is commonly used in a jurisdiction in connection with a loan secured by a one- to four-family residential Property, such as a deed of trust or security deed.

**Mortgage Charge**

Mortgage Charge refers to the interest rate, discount points, origination fee, and any other amount charged to the Borrower for an insured Mortgage.

**Mortgage Charge Rate**

Mortgage Charge Rate refers to the total amount of Mortgage Charges for a Mortgage expressed as a percentage of the initial principal of the Mortgage.

**Mortgage Insurance Premium Cancellation**

A Mortgage Insurance Premium (MIP) cancellation is the ending of MIP payments on an FHA-insured Mortgage closed on or after January 1, 2001, and assigned a case number before June 3, 2013.

**Mortgage on Indian Land**

A Section 248 Mortgage on Indian Land refers to a purchase or refinance Mortgage covering one- to four-family dwellings on Indian Lands.

**Mortgage Payment**

See **Housing Obligation**.

**Mortgage Payment Reserve**

Mortgage Payment Reserve refers to an amount set aside to make Mortgage Payments when the Property cannot be occupied during rehabilitation.

**Mortgagee**

In Section I - Doing Business with FHA and Section V - Quality Control, Oversight and Compliance, Mortgagee refers to both Title II Mortgagees and Title I Lenders, unless otherwise specified. In all other sections of the Handbook, Mortgagee refers to Title II Mortgagee (see **Title II Mortgagee**).

**Mortgagee Neglect**

Mortgagee Neglect is the Mortgagee's failure to take action to preserve and protect the Property from the time it is determined (or should have been determined) to be vacant or abandoned, until the time it is conveyed to HUD.

### **Mortgages Delinquent within the First Two Years**

Mortgages Delinquent within the First Two Years are Mortgages that were reported to HUD as 90 days or more Delinquent in the 24-month period; this delinquent status includes Mortgages that went into default but have subsequently cured.

### **Multifamily Property Improvement Loan**

A Multifamily Property Improvement Loan is a Loan to finance the alteration, repair, improvement, or conversion of an Existing Structure used or to be used as an apartment house or a dwelling for two or more families. The multifamily Structure may not be owned by a corporation, partnership, or trust, unless prior approval from the Secretary is obtained for an exception to this requirement.

### **Name and Address Identification (NAID)**

A Name and Address Identification number is used by HUD to track the payee of HUD funds.

### **Net Sale Proceeds**

Net Sale Proceeds are the proceeds of a PFS sale, calculated by subtracting reasonable and customary closing and settlement costs from the property sales price.

### **Net Self-Sufficiency Rental Income**

Net Self-Sufficiency Rental Income refers to the Rental Income produced by the subject Property over and above the Principal, Interest, Taxes, and Insurance (PITI).

### **New Construction**

New Construction refers to Proposed Construction, Properties Under Construction, and Properties Existing Less than One Year as defined below:

- Proposed Construction refers to a Property where no concrete or permanent material has been placed. Digging of footing is not considered permanent.
- Under Construction refers to the period from the first placement of permanent material to 100 percent completion with no Certificate of Occupancy (CO) or equivalent.
- Existing Less than One Year refers to a Property that is 100 percent complete and has been completed less than one year from the date of issuance of the CO or equivalent. The Property must have never been occupied.

### **New Construction for Manufactured Housing (as applies to Title II)**

New Construction for Manufactured Housing refers to a Manufactured Home that has been permanently erected on a site for less than one year prior to the case number assignment date.

### **New Manufactured Home (as applies to Title I)**

New Manufactured Home refers to a home, which has not been previously occupied, purchased by a Borrower within 18 months after the date of manufacture.

### **Non-Borrowing Spouse Debt**

Non-Borrowing Spouse Debt refers to debts owed by a spouse that are not owed by, or in the name of the Borrower.

**Non-Monetary Default**

Non-Monetary Default is a Default where the Borrower fails to perform obligations, other than making monthly payments, contained in the mortgage security instrument for a period of 30 Days.

**Non-Occupant Borrower**

A Non-Occupant Borrower is a Borrower on a Mortgage securing a Property that is not occupied by any Borrower.

**Non-Occupying Borrower Transaction**

Non-Occupying Borrower Transaction refers to a transaction involving two or more Borrowers in which one or more of the Borrower(s) will not occupy the Property as their Principal Residence.

**Nonprofit Instrumentality of Government**

A Nonprofit Instrumentality of Government (NPIOG) refers to a 501(c)(3) organization that was established by a governmental body or with governmental approval or under special law to serve a particular public purpose or designated as an instrumentality by law (statute or court opinion). FHA requires the unit of government that established the nonprofit to exercise Organizational Control, Operational Control or Financial Control of the nonprofit in its entirety or, at minimum, the specific homebuyer assistance program that is using FHA's credit enhancement.

**Organizational Control** refers to the majority of the governing board and/or Principal Officers that are named or approved by governmental body/officials.

**Operational Control** refers to the requirement that the government body approves all major decisions and/or expenditures.

**Financial Control** refers to the requirement that the government body provides funds through direct appropriations, grants, or loans, with related controls applicable to all activities of the Entity.

**Nonresidential Property Improvement Loan**

A Nonresidential Property Improvement Loan refers to a Loan made to finance the construction of a new, exclusively nonresidential Structure or the alteration, repair or improvement of an Existing Structure that is nonresidential. Such a Structure may be temporarily used for residential purposes while the Borrower constructs a new dwelling to replace a dwelling previously occupied by the Borrower that was destroyed or damaged by conditions determined by the President to warrant relief under the provisions of 42 U.S.C. Chapter 68, provided that the credit application is filed within one year from the date of such a determination.

**Nonsupervised Mortgagee**

A Nonsupervised Mortgagee is a lending institution that has as its principal activity the lending or investing of funds in real estate Mortgages, consumer installment notes, or similar advances of credit, the purchase of consumer installment contracts, or from a directly related field. A directly

related field is something directly related to the lending or investing of funds in real estate Mortgages, not simply actions relating to real estate in general.

**Non-Surchargeable Damage**

Non-Surchargeable Damage is damage to a Property that is not Surchargeable Damage.

**Non-Taxable Income**

Non-Taxable Income refers to types of income not subject to federal taxes, which includes, but is not limited to:

- some portion of Social Security income;
- some federal government employee Retirement Income;
- Railroad Retirement benefits;
- some state government Retirement Income;
- certain types of disability and Public Assistance payments;
- Child Support;
- military allowances; and
- other income that is documented as being exempt from federal income taxes.

**Non-Traditional Mortgage Credit Report (NTMCR)**

A type of credit report designed to access the credit history of a Borrower without the types of trade references normally appearing on a traditional credit report. It is used as a substitute for the traditional credit report.

**Note**

Note refers to any form of credit instrument commonly used in a jurisdiction to evidence a Mortgage.

**Notes Receivable Income**

Notes Receivable Income refers to income received by the Borrower as payee or holder in due course of a promissory Note or similar credit instrument.

**Notice of Deficiency**

A Notice of Deficiency (NOD) refers to a formal notification from FHA to an appraiser when a review identifies an error or lack of compliance. An NOD is not a sanction and is not considered severe enough to require remedial education or removal.

**Notice of Intent to Prepay**

Notice of Intent to Prepay refers to the advance notice that Borrowers on Mortgages insured before August 2, 1985 must provide in order to prepay their FHA-insured Mortgages in full without penalty.

**Obligor**

Obligor refers to a person or entity who is legally or contractually obliged to make all principal and interest payments on a debt.

**Occupancy Follow-Up**

An Occupancy Follow-Up is an attempt to communicate with the Borrower via letter, telephone, or other method of communication, other than on-site inspection, to determine occupancy when the Mortgage remains in Default after the initial inspection and the Mortgagee has not determined the Borrower's occupancy status.

**Occupancy Inspection**

An Occupancy Inspection is a visual inspection of a mortgaged Property by the Mortgagee to determine if the mortgaged Property has become vacant or abandoned and to confirm the identity of any occupants.

**Occupied Conveyance**

An Occupied Conveyance is the conveyance to HUD of a Property that is not vacant.

**Onset of an Economic Event**

Onset of an Economic Event refers to the month of loss of employment/income.

**Onsite Sewage Disposal System**

An Onsite Sewage Disposal System refers to wastewater systems designed to treat and dispose of effluent on the same Property that produces the wastewater.

**Overhead Electric Power Transmission Lines**

Overhead Electric Power Transmission Lines refer to electric lines that supply power from power generation stations to Local Distribution Lines.

**Overtime and Bonus Income**

Overtime and Bonus Income refers to income that the Borrower receives in addition to the Borrower's normal salary.

**Owner**

An Owner is a person, including a Borrower, who has title in whole or in part to the Property which is the subject of a loan transaction.

**Owner-Occupant Borrower**

An Owner-Occupant Borrower is a Borrower residing in the Property secured by the FHA-insured Mortgage as a Principal Residence.

**Owner-Occupant Buyer**

An Owner-Occupant Buyer is a buyer who intends to use the Property as their Principal Residence.

**Partial Claim**

A Partial Claim is FHA's reimbursement of a Mortgagee advancement of funds on behalf of the Borrower in an amount necessary to assist in reinstating the Delinquent Mortgage under the FHA-HAMP Option.

**Partial Payment**

A Partial Payment is a payment of any amount less than the full amount due under the Mortgage at the time the payment is tendered, including late charges and amounts advanced by the Mortgagee on behalf of the Borrower (such as for the payment of taxes).

**Partial Prepayment**

A Partial Prepayment is a payment of part of the principal amount before the date on which the principal is due.

**Partially Below-Grade Habitable Space**

Partially Below-Grade Habitable Space refers to living area constructed partially below grade, but has the full utility of GLA.

**Part-Time Employment**

Part-Time Employment refers to employment that is not the Borrower's primary employment and is generally performed for less than 40 hours per week.

**Payoff**

See **Prepayment in Full**.

**Payoff Disclosure**

A Payoff Disclosure is a disclosure accompanying the payoff statement and, for Mortgages closed before January 21, 2015, describing the procedures for prepayment of a Mortgage.

**Pension**

Pension refers to income received from the Borrower's former employer(s).

**Personal Property**

Personal Property refers to tangible property, other than Real Property, such as cars, recreational vehicles, stamps, coins or other collectibles.

**Planned Unit Development (PUD)**

A Planned Unit Development (PUD) refers to a residential development that contains, within the overall boundary of the subdivision, common areas and facilities owned by a Homeowners' Association (HOA), to which all homeowners must belong and to which they must pay lien-supported assessments. A unit in a PUD consists of the fee title to the real estate represented by the land and the improvements thereon plus the benefits arising from ownership of an interest in the HOA.

**Pre-Conveyance Inspection**

A Pre-Conveyance Inspection is an inspection performed by HUD, at the Mortgagee's request, before conveyance to determine if a Property meets HUD's conveyance standards.

### **Pre-Foreclosure Sales**

Pre-Foreclosure Sales, also known as Short Sales, refer to the sales of real estate that generate proceeds that are less than the amount owed on the Property and the lien holders agree to release their liens and forgive the deficiency balance on the real estate.

### **Pre-Foreclosure Sale Approval to Participate**

A Pre-Foreclosure Sale (PFS) Approval to Participate is an agreement signed by the Borrower to confirm their willingness to comply with the PFS Program requirements.

### **Premium Pricing**

Premium Pricing refers to a credit from a Mortgagee for the interest rate chosen.

### **Prepayment in Full**

A Prepayment in Full or Payoff is the payment in whole of the principal amount of the mortgage Note in advance of expiration of the term of the mortgage Note.

### **Primary Obligor**

Primary Obligor refers to a person or entity who is legally or contractually obliged to make all principal and interest payments on a debt.

### **Principal Officer**

See **Corporate Officer**.

### **Principal Owner**

A Principal Owner is any individual or Entity meeting the following thresholds or roles for the applicable business form:

<b>Business Form</b>	<b>Principal Owners</b>
Publicly Traded Corporation	10% or more ownership
Private or Close Corporation	25% or more ownership
Limited Liability Company	All Members
Partnerships	All Partners

### **Principal Residence**

A Principal Residence refers to a dwelling where the Borrower maintains or will maintain their permanent place of abode, and which the Borrower typically occupies or will occupy for the majority of the calendar year. A person may have only one Principal Residence at any one time.

### **Private Savings Club**

A Private Savings Club refers to a non-traditional method of saving by making deposits into a member-managed resource pool.

### **Property**

Property refers to the real estate entity that will serve as adequate security for a specific FHA-insured Mortgage.



**Property Flipping**

Property Flipping refers to the purchase and subsequent resale of a Property in a short period of time.

**Property Improvement Loan**

Property Improvement Loan refers to a Loan made to finance actions or items that substantially protect or improve the basic livability or utility of a Property. Unless otherwise indicated, the term includes:

- Single Family, Multifamily and Nonresidential Property Improvement Loans;
- Manufactured Home Improvement Loans classified as real estate or as Personal Property;
- Historic Preservation Loans; and
- Fire Safety Equipment Loans in existing Health Care Facilities.

**Property Preservation and Protection**

Property Preservation and Protection (P&P) actions are those maintenance, security, and repair actions required by HUD in order to ensure that the Property meets HUD's conveyance condition standards.

**Property Value**

Property Value refers to the value as determined by the FHA Roster Appraiser.

**Proposed Construction**

Proposed Construction refers to a Property where no concrete or permanent material has been placed. Digging of footing is not considered permanent.

**Public Assistance**

Public Assistance refers to income received from government assistance programs.

**Purchasing Mortgagee**

The Purchasing Mortgagee is the Mortgagee that purchases the Mortgage and thereby succeeds to all rights and obligations of the Selling Mortgagee under the contract for mortgage insurance.

**Quality Control (QC) Plan**

A Quality Control (QC) Plan is a written plan that sets forth a Mortgagee's procedures for ensuring quality control. A QC Plan is the written element of a Mortgagee's QC Program.

**Quality Control (QC) Plan (applicable to nonprofits)**

A Quality Control (QC) Plan outlines the processes and procedures used by the nonprofit to monitor its compliance with FHA nonprofit program guidelines.

**Quality Control (QC) Program**

A Quality Control (QC) Program is the process and written procedures through which the Mortgagee seeks to ensure that FHA operations and Loan Administration are in compliance with all applicable requirements.

**Rate and Term**

Rate and Term refers to a no cash-out refinance of any Mortgage in which all proceeds are used to pay existing mortgage liens on the subject Property and costs associated with the transaction.

**Real Estate Commission from Sale of Subject Property**

Real Estate Commission from Sale of Subject Property refers to the Borrower's (i.e., buyer's) portion of a real estate commission earned from the sale of the Property being purchased.

**Real Property**

Real Property refers to the interests, benefits, and rights inherent in the ownership of physical real estate.

**Reasonable Diligence Timeframe**

The Reasonable Diligence Timeframe is the period of time beginning with the first legal action required by the jurisdiction to commence foreclosure, and ending with the later date of acquiring good marketable title to and possession of the Property.

**Reconveyance**

A Reconveyance is a conveyance of a Property from HUD back to the Mortgagee due to the Mortgagee's failure to comply with HUD's conveyance requirements.

**Recovery from an Economic Event**

Recovery from an Economic Event refers to the re-establishment of Satisfactory Credit.

**Re-Default**

A Re-Default is a mortgage Default occurring within six months after reinstatement or the successful use of a permanent Home Retention Option.

**Rehabilitation**

Rehabilitation refers to the process of returning a historic residential structure to a state of utility, through repair or alteration, which makes possible an efficient contemporary use. In Rehabilitation, those portions of the Property important in illustrating historic, architectural and cultural values are preserved or restored.

**Rental Income**

Rental Income refers to income received or to be received from the subject Property or other real estate holdings.

**Reserves**

Reserves refer to the sum of the Borrower's verified and documented liquid assets minus the total funds the Borrower is required to pay at closing.

**Residential Mortgage Credit Report (RMCR)**

RMCR refers to a credit report that provides details on items that have been flagged in a merged report as a result of combining reports from the three credit repositories (Equifax, Trans Union, and Experian).

**Residential Real Estate-Related Transactions**

Residential Real Estate-Related Transactions are transactions related to the making or purchasing of Mortgages or providing other financial assistance to a Borrower for purchasing, constructing, improving, repairing, or maintaining a dwelling or securing residential real estate, and similar transactions.

**Restoration**

Restoration is the process of accurately recovering the form and details of a historic residential structure as it appeared at a particular period of time by removing later work and by replacing missing original work.

**Retirement Income**

Retirement Income refers to income received from Pensions, 401(k) distributions, and Social Security.

**Revitalization Area**

A Revitalization Area is a designated geographic area in which HUD identifies Properties eligible for disposition through discount sales programs.

**Revolving Charge Accounts**

A Revolving Charge Account refers to a credit arrangement that requires the Borrower to make periodic payments but does not require full repayment by a specified point of time.

**Running Gear**

Running Gear refers to a mechanical system designed to allow the Manufactured Housing unit to be towed over public roads.

**Sale of Real Property**

The Sale of Real Property refers to the sale of Property currently owned by the Borrower.

**Sales Concessions**

Sales Concessions refer to non-realty items, upgraded features in newly constructed houses, and special financing incentives.

**Sales Contract Date**

Sales Contract Date refers to the date the sales contract is executed by all parties.

**Seasonal Employment**

Seasonal Employment refers to employment that is not year round, regardless of the number of hours per week the Borrower works on the job.

**Secondary Residence**

Secondary Residence refers to a Structure that a Borrower occupies in addition to their Principal Residence, but less than a majority of the calendar year. A Secondary Residence does not include a Vacation Home.

**Security Instrument**

Security Instrument refers to any legal instrument that is commonly used in a jurisdiction in connection with a Loan secured by a Manufactured Home or Real Property or a Property Improvement Loan.

**Self-Employment Income**

Self-Employment Income refers to income generated by a business in which the Borrower has a 25 percent or greater ownership interest.

There are four basic types of business structures. They include:

- sole proprietorships
- corporations
- limited liability or “S” corporations
- partnerships

**Selling Mortgagee**

The Selling Mortgagee is the Mortgagee that sells the Mortgage and thereby relinquishes all rights and obligations under the contract for mortgage insurance.

**Servicer**

A Servicer is an FHA-approved Mortgagee performing servicing actions on FHA-insured Mortgages on its behalf or on behalf of or at the direction of another FHA-approved Mortgagee.

**Settlement Statement**

Settlement Statement refers to the closing disclosure required under Section 4 of the Real Estate Settlement Procedures Act.

**Shared Well**

A Shared Well refers to a well that services two to four homes where there is a binding Shared Well Agreement between the property owners that meets FHA requirements.

**Short Sales**

See **Pre-Foreclosure Sales**.

**Simple Refinance**

Simple Refinance refers to a no cash-out refinance of an existing FHA-insured Mortgage in which all proceeds are used to pay the existing FHA-insured mortgage lien on the subject Property and costs associated with the transaction.

**Single Family**

Single Family refers to one- to four-unit dwellings.

### **Single Family Property Improvement Loan**

A Single Family Property Improvement Loan refers to a Loan to finance alterations, repairs and improvements to or in connection with an Existing Structure used or to be used as a Single Family residence.

### **Site Condominium**

A Site Condominium refers to a project of Single Family, totally detached dwellings encumbered by a declaration of condominium covenants or a condominium form of ownership. They have no shared garages or any other attached buildings. Project approval is required for Site Condominiums that do not meet this definition.

### **Slush Pit**

A Slush Pit refers to a basin in which drilling “mud” is mixed and circulated during drilling to lubricate and cool the drill bit and to flush away rock cuttings.

### **Small Supervised Mortgagee**

A Small Supervised Mortgagee is a Supervised Mortgagee that has consolidated assets below the threshold for audited financial reporting established by the Federal Banking Agency with oversight of the Mortgagee. Thresholds are codified at [12 CFR §§ 363.1\(a\), 562.4\(b\)\(2\), and 715.4\(c\)](#) and are subject to change.

### **Social Security Income**

Social Security Income or Supplemental Security Income (SSI) refers to income received from the SSA other than disability income.

### **Soil Contamination**

Soil Contamination refers to the presence of manmade chemicals or other alterations to the natural soil environment.

### **Special Energy System**

A Special Energy System refers to any addition, alteration, or improvement to an existing or new Structure that is designed to utilize wind, geothermal or solar energy to produce energy to support the habitability of the Structure.

### **Special Forbearance - Unemployment**

The Special Forbearance – Unemployment Option is a Home Retention Option available when one or more of the Borrowers has become unemployed and this loss of employment has negatively affected the Borrower’s ability to continue to make their monthly Mortgage Payment.

### **Special Forbearance – Unemployment Agreement**

The SFB-Unemployment Agreement is a written agreement between a Mortgagee and the Borrowers, one or more of whom has become unemployed, allowing for reduced and/or suspended Mortgage Payments.

### **Standard DIL**

A Standard Deed-in-Lieu (DIL) is a DIL available for Owner-Occupant Borrowers who experienced a verifiable hardship that has affected their ability to sustain their Mortgage but who do not meet the requirements of a Streamlined DIL Option.

### **Standard PFS**

A Standard Pre-Foreclosure Sale (PFS) Option is a PFS Option available for Owner-Occupant Borrowers who are experiencing a hardship affecting their ability to sustain their Mortgage, as determined by the Deficit Income Test (DIT) and:

- are in Default; or
- are current or less than 30 Days past due but facing Imminent Default due to a hardship as described in the Eligible Borrowers section.

### **State**

A State refers to any State of the United States, Puerto Rico, the District of Columbia, Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, or the United States Virgin Islands.

### **Streamline Refinance**

Streamline Refinance refers to the refinance of an existing FHA-insured Mortgage requiring limited Borrower credit documentation and underwriting.

### **Streamlined DIL**

A Streamlined Deed-in-Lieu (DIL) is a DIL transaction for Owner-Occupant Borrowers and Non-Occupant Borrowers and does not require verification of hardship.

### **Streamlined DIL for Servicemembers with PCS Orders**

A Streamlined Deed-in-Lieu (DIL) for Servicemembers with Permanent Change of Station (PCS) Orders Option is a Streamlined DIL that may be offered to servicemembers who must relocate to a new duty station at least 50 miles away from their existing residence, without the Mortgagee verifying hardship.

### **Streamlined PFS**

A Streamlined Pre-Foreclosure Sale (PFS) is a PFS Option available for Owner-Occupant and Non-Occupant Borrowers and does not require verification of hardship.

### **Streamlined PFS for Servicemembers with PCS Orders**

A Streamlined Pre-Foreclosure Sale (PFS) for Servicemembers with Permanent Change of Station (PCS) Orders is a Streamlined PFS that may be offered to servicemembers who must relocate to a new duty station at least 50 miles away from their existing residence, without the Mortgagee verifying hardship.

### **Structure**

Structure refers to a building that has a roof and walls, stands permanently in one place, and contains single or multiple housing units that are used for human habitation.

**Substantially Damaged**

A building is considered to be “Substantially Damaged,” as defined in the National Flood Insurance Program (NFIP) regulations, when “damage of any origin is sustained by a structure whereby the cost of restoring the structure to its before damaged condition would equal or exceed 50 percent of the market value of the structure before the damage occurred.”

**Supervised Mortgagee**

A Supervised Mortgagee is a financial institution that is a member of the Federal Reserve System (FRS) or whose accounts are insured by the Federal Deposit Insurance Corporation (FDIC) or the National Credit Union Administration (NCUA) (collectively, “Federal Banking Agencies”).

**Surchargeable Damage**

Surchargeable Damage is damage to a Property caused by fire, flood, earthquake, tornado, boiler explosion (for condominiums only) or Mortgagee Neglect.

**Surplus Income Percentage**

Surplus Income Percentage is a percentage calculated in the Mortgagee’s financial analysis to determine which Loss Mitigation Options are appropriate based on the Borrower’s income.

**Surplus Land**

Surplus Land refers to land that is not currently needed to support the existing improvement but cannot be separated from the Property and sold off. Surplus Land does not have an independent highest and best use and may or may not contribute to the value of the improved parcels.

**Sweat Equity**

Sweat Equity refers to labor performed, or materials furnished, by or on behalf of the Borrower before closing on the Property being purchased.

**Test Case**

Test Case refers to a Mortgage loan used by a Mortgagee when requesting an Unconditional Direct Endorsement (DE) approval. These loans must be processed per the Direct Endorsement eligibility requirements and approved by HUD for endorsement.

**Third Party Documents**

Third Party Documents refer to those documents that are originated and signed outside of the control of the Mortgagee, such as the sales contract.

**Third-Party Originator (TPO)**

A Third-Party Originator (TPO) is an entity that originates FHA Mortgages for an FHA-approved Mortgagee acting as its sponsor. A TPO may be an FHA-approved Mortgagee or a non-FHA-approved entity.

**Tier Ranking System**

The Tier Ranking System (TRS) II is a methodology for measuring a Mortgagee’s performance in complying with HUD’s Loss Mitigation Program.

**Tiered Pricing**

Tiered Pricing refers to any variance in Mortgage Charge Rates of more than two percentage points from the Mortgagee's reasonable and customary rate for insured Mortgages for dwellings located within the area.

**Title I Lender**

A Title I Lender is a financial institution that (a) holds a valid Title I Contract of Insurance and is approved by FHA, or (b) held a Title I contract that has been terminated or suspended but remains responsible for servicing or selling the Title I Loans that it holds and is authorized to file insurance claims on these Loans.

**Title II Mortgagee**

A Title II Mortgagee is a Mortgagee that has been approved to participate in Title II and/or Title XI programs under the National Housing Act (12 U.S.C. § 1707 et seq. and 12 U.S.C. § 1749aaa et seq.).

**TOTAL**

TOTAL refers to "Technology Open To Approved Lenders." FHA's TOTAL Mortgage Scorecard evaluates the overall creditworthiness of the borrower, based on a number of credit variables and, when combined with the functionalities of the Automated Underwriting System (AUS), indicates a recommended level of underwriting and documentation to determine a loan's eligibility for insurance by the FHA.

**Total Loan Amount**

Total Loan Amount of the FHA Mortgage is the mortgage amount including the amount of any financed UFMIP. The insured mortgage amount is the Total Loan Amount.

**Total Required Investment**

Total Required Investment refers to the amount the Borrower must contribute to the transaction including the Borrower's downpayment and the Borrower-paid transaction costs. The Total Required Investment includes the MRI.

**Trade Equity**

Trade Equity refers to when a Borrower trades their Real Property to the seller as part of the cash investment.

**Trade-In of Manufactured Home**

Trade-In of Manufactured Home refers to the Borrower's sale or trade-in of one Manufactured Home that is not considered real estate to a Dealer or an independent third party.

**Transfer Date**

The Transfer Date is the date on which the Borrower's Mortgage Payment is first due to the Transferee Servicing Mortgagee.



**Transferee Servicing Mortgagee**

The Transferee Servicing Mortgagee is the Mortgagee to which the servicing responsibilities have been transferred.

**Transferor Servicing Mortgagee**

The Transferor Servicing Mortgagee is the Mortgagee that transfers servicing responsibilities.

**Trial Payment Plan**

A Trial Payment Plan (TPP) is a payment plan for a minimum period of three months, during which the Borrower must make the agreed-upon consecutive monthly payments prior to final execution of the Loan Modification or FHA-HAMP.

**Tri-Merged Credit Report (TRMCR)**

A Tri-Merged Credit Report is also referred to as a Three Repository Merged Credit Report (TRMCR). The TRMCR refers to a credit report that contains the data from all three credit repositories in one report.

**Trust Income**

Trust Income refers to income that is regularly distributed to a Borrower from a trust.

**Unaudited Regulatory Report**

An Unaudited Regulatory Report refers to a report of condition and income, also known as the “call report,” which is submitted on the Federal Financial Institutions Examination Council forms 031 and 041, or a consolidated or fourth quarter NCUA call report, submitted on NCUA Form 5300 or 5310.

**Under Construction**

Under Construction refers to the period from the first placement of permanent material to 100 percent completion with no Certificate of Occupancy (CO) or equivalent.

**Underserved Census Tracts**

Underserved Census Tracts are those areas identified by HUD as meeting the definition found at 24 CFR § 81.2. Underserved Census Tract areas are: 1) tracts in metropolitan areas a) having a median income of no more than 90 percent of the area as a whole, or b) having a median income of no more than 120 percent and minorities comprise at least 30 percent of the tract’s population; 2) all tracts in any nonmetropolitan area which a) have a median income of no more than 95 percent of the nonmetropolitan part of the state or nation, whichever is greater, or b) have a median income of no more than 120 percent and minorities comprise at least 30 percent of the area’s population.

**Uniform Residential Appraisal Report (URAR)**

The *URAR* is the standard appraisal reporting form available through all lenders. Fannie Mae and Freddie Mac *URAR* forms are acceptable.

**Unimproved Property Appraisal**

Unimproved Property Appraisal refers to the valuation of an interest in land without human made Structures.

**Unresolved Finding**

An Unresolved Finding is a material, adverse written Finding, to include fair lending violations of the Fair Housing Act or Equal Credit Opportunity Act, contained in a lawsuit or report produced in connection with an investigation, audit, or review conducted by HUD, another federal, state, or local governmental agency, or by any other regulatory or oversight Entity with jurisdiction over the Mortgagee or its officers, partners, directors, principals, managers, supervisors, loan processors, loan underwriters, or loan originators, that has not yet been resolved through final agency or judicial action.

**Vacant Property Inspection**

A Vacant Property Inspection is an inspection by the Mortgagee of a Property that is not occupied.

**Vacation Home**

Vacation Home refers to a dwelling used primarily for recreational purposes and enjoyment and that is not a Principal or Secondary Residence.

**Viable Repair Plan**

A Viable Repair Plan is a plan for repairs of a mortgaged Property within the amounts available through insurance proceeds and borrower funds.

**Work Item**

Work Item refers to a specific repair or improvement that will be performed.

**Work Write-Up**

The Work Write-Up refers to the report prepared by a 203(k) Consultant that identifies each Work Item to be performed and the specifications for completion of the repair.

## FHA Single Family Housing Policy Handbook

### ACRONYMS

#### A

**AAFB** - Area Approved for Business  
**ACA** - Asset Control Area  
**ACD** - Accelerated Claims Disposition  
**ACH** - Automated Clearing House  
**ADP Codes** - Automated Data Processing Codes  
**ADU** - Accessory Dwelling Unit  
**AHJ** - Authority Having Jurisdiction  
**AHP** - Affordable Housing Program  
**AHPP** - Affordable Housing Program Plan  
**AM** - Asset Management  
**AMC** - Appraisal Management Company  
**APZ** - Accident Potential Zone  
**AQB** - Appraiser Qualifications Board  
**ARM** - Adjustable Rate Mortgage  
**ASC** - Appraisal Subcommittee  
**AUS** - Automated Underwriting System  
**AVM** - Automated Valuation Model  
**AWEA** - American Wind Energy Association

#### B

**B2G** - Business to Government  
**BIA** - Bureau of Indian Affairs  
**BPO** - Broker's Price Opinion  
**BPS** - Basis Points

#### C

**CAFMV** - Commissioner's Adjusted Fair Market Value  
**CAIVRS** - [Credit Alert Verification Reporting System](#)  
**CBRS** - Coastal Barrier Resources System  
**CDBG** - Community Development Block Grant  
**CEO** - Chief Executive Officer  
**CFO** - Chief Financial Officer  
**CFPB** - [Consumer Financial Protection Bureau](#)  
**CFR** - Code of Federal Regulations  
**CHUMS** - Computerized Homes Underwriting Management System  
**CLTV** - Combined Loan-to-Value  
**CMT** - Constant Maturity Treasury  
**CO** - Certificate of Occupancy  
**COO** - Chief Operating Officer  
**CPA** - Certified Public Accountant  
**CPL** - Closing Protection Letter

**CVS** - Certificate of Veteran Status  
**CWCOT** - Claims Without Conveyance of Title

## **D**

**DAS** - Deputy Assistant Secretary  
**DASP** - Distressed Asset Stabilization Program  
**DBA** - Doing Business As  
**DDR** - Delinquency/Default Reason  
**DDS** - Delinquency/Default Status  
**DE** - Direct Endorsement  
**DEC** - Departmental Enforcement Center  
**DHHL** - Department of Hawaiian Home Lands  
**DIL** - Deed-in-Lieu  
**DIT** - Deficit Income Test  
**DoD** - Department of Defense  
**DOJ** - Department of Justice  
**DOM** - Days on Market  
**DTI** - Debt-to-Income

## **E**

**EAD** - Electronic Appraisal Delivery  
**ECOA** - Equal Credit Opportunity Act  
**eCB** - Electronic Case Binder  
**EDI** - Electronic Data Interchange  
**EEH** - Energy Efficient Homes  
**EEM** - Energy Efficient Mortgage  
**EESA** - Emergency Economic Stabilization Act  
**EFT** - Electronic Funds Transfer  
**EHLPP** - Emergency Homeowners' Loan Program  
**EIN** - Employer Identification Number  
**EMT** - Emergency Medical Technician  
**EPA** - U.S. Environmental Protection Agency  
**EPD** - Early Payment Default  
**EPM** - Exit Premium Mortgage  
**E-Sign Act** - Electronic Signatures in Global and National Commerce Act  
**EVARS** - Extensions and Variances Automated Requests System

## **F**

**FAIR** - Fair Access to Insurance Requirements  
**FAQ** - Frequently Asked Questions  
**FCRA** - Fair Credit Reporting Act  
**FDIC** - Federal Deposit Insurance Corporation  
**FEMA** - Federal Emergency Management Agency  
**FHA** - Federal Housing Administration  
**FHA-HAMP** - FHA Home Affordable Modification Program  
**FHAC** - [Federal Housing Administration Connection](#)

**FHAC-B2G** - FHA Connection - Business to Government  
**FHA Lender ID** - FHA Lender Identification Number  
**FHEO** - Office of Fair Housing and Equal Opportunity  
**FHLB** - Federal Home Loan Bank  
**FHLMC** - Federal Home Loan Mortgage Corporation (also known as Freddie Mac)  
**FICA** - Federal Insurance Contributions Act  
**FIRM** - Flood Insurance Rate Map  
**FMV** - Fair Market Value  
**FNMA** - Federal National Mortgage Association (also known as Fannie Mae)  
**FOC** - Financial Operations Center  
**FRS** - Federal Reserve System  
**FSM** - Field Service Manager  
**FTV** - First-Time Vacant

## **G**

**GAAP** - Generally Accepted Accounting Principles  
**GAAS** - Generally Accepted Auditing Standards  
**GAGAS** - Generally Accepted Government Auditing Standards  
**GBA** - Gross Building Area  
**GEM** - Growing Equity Mortgages  
**GLA** - Gross Living Area  
**GNMA** - Government National Mortgage Association (also known as Ginnie Mae)  
**GNND** - Good Neighbor Next Door  
**GPM** - Graduated Payment Mortgages  
**GRM** - Gross Rent Multiplier  
**GSA** - General Services Administration  
**GSE** - Government-Sponsored Enterprise  
**GTR** - Government Technical Representative

## **H**

**H4H** - HOPE for Homeowners  
**HAMP** - Home Affordable Modification Program  
**HECM** - Home Equity Conversion Mortgage  
**HERMIT** - Home Equity Reverse Mortgage Information Technology  
**HERR** - Home Energy Rating Report  
**HERS** - Home Energy Rating System  
**HFA** - Housing Finance Agency  
**HHF** - Hardest Hit Fund  
**HIP** - Housing Insurance Premium  
**HOA** - Homeowners' Association  
**HOC** - Homeownership Center  
**HOPE** - Homeownership and Opportunity for People Everywhere  
**HUD** - U.S. Department of Housing and Urban Development  
**HUDCLIPS** - HUD's Client Information and Policy System

## **I**

**IBTS** - Institute for Building Technology and Safety (IBTS)  
**ID** - Identification  
**IEC** - International Electrotechnical Commission  
**IECC** - International Energy Conservation Code  
**IHA** - Indian Housing Authority  
**IOG** - Instrumentality of Government  
**IPA** - Independent Public Accountant  
**IRA** - Individual Retirement Account  
**IRC** - Internal Revenue Code  
**IRS** - Internal Revenue Service

## **L**

**LDP** - Limited Denial of Participation  
**LEAP** - [Lender Electronic Assessment Portal](#)  
**LES** - Leave and Earnings Statement  
**LI** - Lender Insurance  
**LIC** - Loan Insurance Certificate  
**LIBOR** - London Interbank Offered Rate  
**LLC** - Limited Liability Company  
**LOMA** - Letter of Map Amendment  
**LOMR** - Letter of Map Revision  
**LTV** - Loan-to-Value  
**LURA** - Land Use Restriction Addendum

## **M**

**M&M** - Management and Marketing  
**MAP** - Multifamily Accelerated Processing  
**MCI** - Minimum Cash Investment  
**MCM** - Mortgagee Compliance Manager  
**MDCS** - Minimum Decision Credit Score  
**MERS** - Mortgage Electronic Registration System  
**MHCSS** - Manufactured Home Construction and Safety Standards  
**MIC** - Mortgage Insurance Certificate  
**MIP** - Mortgage Insurance Premium  
**MISMO** - Mortgage Industry Standards Maintenance Organization  
**ML** - Mortgagee Letter  
**MLS** - Multiple Listing Service  
**MMI** - Mutual Mortgage Insurance  
**MMIF** - Mutual Mortgage Insurance Fund  
**MPR** - Minimum Property Requirements  
**MPS** - Minimum Property Standards  
**MRB** - Mortgagee Review Board  
**MRI** - Minimum Required Investment

## **N**

**NADA** - National Automobile Dealers Association  
**NAID** - Name and Address Identification Number  
**NAR** – National Association of Realtors  
**NAS** - National Appraisal System  
**NCUA** - National Credit Union Administration  
**NDC** - Net Development Cost  
**NFIP** - National Flood Insurance Program  
**NHOP** - Nehemiah Housing Opportunity Grants Program  
**NMLS** - Nationwide Mortgage Licensing System and Registry  
**NOD** - Notice of Deficiency  
**NOPA** - Notice to Occupant of Pending Acquisition  
**NOR** - Notice of Return  
**NOV** - Notice of Violation  
**NPDMS** - Nonprofit Data Management System  
**NPIOG** - Nonprofit Instrumentality of Government  
**NPMA** - National Pest Management Association  
**NRTL** - Nationally Recognized Testing Laboratory  
**NSC** - National Servicing Center  
**NSP** - Neighborhood Stabilization Program  
**NTCR** - Non-Traditional Credit Report  
**NTMCR** - Non-Traditional Mortgage Credit Report

## **O**

**OGC** - Office of General Counsel  
**OIG** - Office of Inspector General  
**OLG** - Office of Loan Guarantee  
**ONAP** - Office of Native American Program  
**OSFAM** - Office of Single Family Asset Management  
**OUI** - Oldest Unpaid Installment

## **P**

**P&I** - Principal and Interest  
**P&L** - Profit and Loss  
**P&P** - Preservation and Protection  
**PACER** - Public Access to Court Electronic Records  
**PCR** - Property Condition Report  
**PCS** - Permanent Change of Station  
**PDF** - Portable Document Format  
**PDMDA** - Presidentially-Declared Major Disaster Area  
**PETR** - Post-Endorsement Technical Review  
**PFGMH** - Permanent Foundations Guide for Manufactured Housing  
**PFS** - Pre-Foreclosure Sale  
**PHA** - Public Housing Agency  
**PIN** - Personal Identification Number  
**PITI** - Principal, Interest, Taxes, and Insurance

**PMMS** - Primary Mortgage Market Survey  
**POA** - Power of Attorney  
**POC** - Paid Outside Closing  
**PPA** - Power Purchase Agreement  
**PSA** - Participating Servicer Agreement  
**PTI** - Total Mortgage Payment to Effective Income Ratio  
**PUD** - Planned Unit Development

## **Q**

**QC** - Quality Control  
**QM** - Qualified Mortgage  
**QR** - Quick Response

## **R**

**REO** - Real Estate Owned  
**RESPA** - Real Estate Settlement Procedures Act  
**RMCR** - Residential Mortgage Credit Report  
**RPZ** - Reduced Pressure Zone

## **S**

**SAFE Act** - Secure and Fair Enforcement for Mortgage Licensing Act of 2008  
**SAM** - [System for Award Management](#)  
**SBA** - Small Business Administration  
**SCRA** - Servicemembers Civil Relief Act  
**SF** - Single Family  
**SFB** - Special Forbearance  
**SFDMS** - Single Family Default Monitoring System  
**SFHA** - Special Flood Hazard Area  
**SFIS** - Single Family Insurance System  
**SFLS** - Single Family Loan Sale  
**SPPA** - Solar Power Purchase Agreement  
**SSA** - Social Security Administration  
**SSI** - Supplemental Security Income  
**SSN** - Social Security Number  
**SWCC** - Small Wind Certification Council

## **T**

**TDD** - Telecommunication Device for the Deaf  
**TDHE** - Tribally Designated Housing Entities  
**TILA** - Truth in Lending Act  
**TIN** - Tax Identification Number  
**TOTAL** - Technology Open To Approved Lenders  
**TPO** - Third-Party Originator  
**TPP** - Trial Payment Plan  
**TRMCR** - Tri-Merged Credit Report  
**TRS** - Tier Ranking System



**TS** - Transaction Set  
**TTY** - Text Telephone

**U**

**UAD** - Uniform Appraisal Dataset  
**UETA** - Uniform Electronic Transactions Act  
**UFIP** - Upfront Insurance Premium  
**UFMIP** - Upfront Mortgage Insurance Premium  
**URL** - Uniform Resource Locator  
**URLA** - Uniform Residential Loan Application  
**URAR** - Uniform Residential Appraisal Report  
**U.S.C.** - United States Code  
**USCIS** - U.S. Citizenship and Immigration Services  
**USDA** - United States Department of Agriculture  
**USGS** - U.S. Geological Survey  
**USPAP** - [Uniform Standards of Professional Appraisal Practice](#)  
**UST** - Underground Storage Tanks

**V**

**VA** - Department of Veterans Affairs  
**VOD** - Verification of Deposit  
**VOE** - Verification of Employment

**X**

**XML** - Extensible Markup Language